

VZCZCXRO1314
RR RUEHDE RUEHDH
DE RUEHCV #1333/01 2882159
ZNY CCCCC ZZH
R 152159Z OCT 09
FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC 3833
INFO RUEHHH/OPEC COLLECTIVE
RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS
RHEHNSC/NSC WASHDC
RHEHAAA/WHITEHOUSE WASHDC
RHEBAAA/DEPT OF ENERGY
RUCPDO/DEPT OF COMMERCE
RUEATRS/DEPT OF TREASURY
RUMIAAA/HQ USSOUTHCOM MIAMI FL

Thursday, 15 October 2009, 21:59

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 001333

SIPDIS

ENERGY FOR ALOCKWOOD AND LEINSTEIN, DOE/EIA FOR MCLINE

HQ SOUTHCOM ALSO FOR POLAD

TREASURY FOR MKACZMAREK

COMMERCE FOR 4332/MAC/WH/JLAO

NSC FOR DRESTREPO AND LROSSELLO

EO 12958 DECL: 10/15/2019

TAGS EPET, EINV, ENRG, ECON, VE

SUBJECT: VENEZUELA: AMBASSADOR VIEWS ECONOMIC SITUATION IN

ZULIA

REF: A. CARACAS 1130 B. CARACAS 1129 C. CARACAS 854

CARACAS 00001333 001.2 OF 003

Classified By: Economic Counselor Darnall Steuart, for reasons 1.4 (b) and (d).

1. (C) SUMMARY: The Ambassador traveled to the State of Zulia October 4-7 and met with a range of political, private sector, and business leaders from the Petroleum Industry

2. (C) The Ambassador met with Chevron and visited a manufacturing facility owned by leading U.S. oil field services company Baker Hughes. The

3. (C) PROFITS AND FINANCE: XXXXXXXXXXXX, ChevronXXXXXXXXXXXX told the Ambassador XXXXXXXXXXXX that the company's two Maracaibo joint venture

4. (C) OPERATIONS: XXXXXXXXXXXX confirmed that BHI's strategy continues to be to minimize its exposure; it is not investing in Venezuela (Ref

5. In Chevron's case, XXXXXXXXXXXX noted that PDVSA is pressuring the company to reduce the number of Chevron secondees assigned to the Petrobras

6. (C) OIL FIELD SERVICES: XXXXXXXXXXXX stated that the situation in regards to oil services in western Venezuela has changed significantly. F

CARACAS 00001333 002.2 OF 003

dynamic (i.e., PDVSA Exploration and Production has contractually locked up any available service providers before PDVSA CVP) the entity that

7. Baker Hughes, XXXXXXXXXXXX shared that doing business in Venezuela is increasingly difficult, noting that where there used to be seven steps re

8. (C) PRODUCTION: Reflecting on the January 2009 GBRV-ordered OPEC quota production cuts at Petrobras, XXXXXXXXXXXX shared that the JV has

9. (C) A tour of "Fire School de Venezuela," a private academic institution (affiliated with the Texas A&M University System) that provides bc

The Business Sector

10. (C) Members of XXXXXXXXXXXX told the Ambassador that the private sector's inability to repatriate dividends and increasing security concern

11. (C) The Ambassador also attended a dinner hosted by the Zulia chapter of the Venezuelan-American Chamber of Commerce. The Chamber participan

CARACAS 00001333 003.2 OF 003

costs will significantly erode his company's competitiveness if he imports the fabric using the permuta exchange market. XXXXXXXXXXXX claimed t